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Dan Smoot Report

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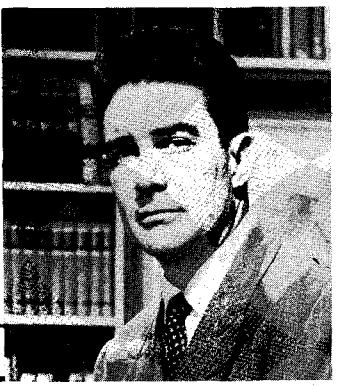

DAN SMOOT

SHOWDOWN AT LAREDO -- AND ELSEWHERE

In Texas, 24c of every dollar the state government spends comes from Washington.[1] This causes many problems for the state government.

A new federal program allocates $3 million to Texas for highway beautification. Texas already has a good highway beautification program. But now, unless Texas beautifies in compliance with Washington specifications, it will lose not only $3 million for beautification, but also an additional $20 million of tax money which the federals had designated for Texas.[1]

The new Federal Highway Act allocates $2.5 million for Texas — provided Texas devises a highway safety program pleasing to the Secretary of Transportation. If Texas fails to please the Secretary, it will lose not only the $2.5 million but another $20 million; and Texas officials do not even know what the Secretary's safety standards are.[1]

It is the same everywhere. There are about 170 federal grants-in-aid-to-states programs, administered by more than a score of federal agencies. There are so many, in fact, that a governor often does not even know about all of them, does not understand those he knows about, cannot comprehend the impact they are making on his state.

Most federal-aid programs are of the "matching-fund" type — which means that, to get tax money which the federals have confiscated from the people, state officials must confiscate more from the people to help pay for the federally-planned programs. Sometimes the "matching" is on a 50-50 basis, the federal government putting up half, the state government putting up half. Percentages vary, depending on the mood of Congress at the time a particular federal-aid program was authorized, and on the whims of the federal bureaucrats who administer it. In some programs, the federals furnish as much as 90% of the tax money, requiring states to furnish only 10%.

THE DAN SMOOT REPORT is published weekly by The Dan Smoot Report, Inc., Box 9538, Dallas, Texas 75214 (office at 6441 Gaston Ave.). Subscriptions: $18.00 for 2 years; $10.00, 1 year; $6.00, 6 months; first class, $12.50 a year; airmail, $14.50. Dan Smoot was born in Missouri, reared in Texas. With BA and MA degrees from SMU (1938 and 1940), he joined the Harvard faculty (1941) as a Teaching Fellow, doing graduate work in American civilization. From 1942 to 1951, he was an FBI agent; from 1951 to 1955, a commentator on national radio and television. In 1955, he started his present independent, free-enterprise business: publishing this REPORT and abbreviating it each week for radio and TV broadcasts available for commercial sponsorship by business firms.

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Often, the percentages depend upon a formula which — though so explained in bureaucratic language as to appear incomprehensible to mere taxpayers — is really quite simple. It is based on the communist creed which Marx expressed in the phrases "from each according to his abilities, to each according to his needs."[2] Federal bureaucrats, of course, make the decisions as to abilities and needs. In other words, some federal-aid programs give "needy" states a higher percentage of federal "matching funds" than they give "less-needy" states.

Federal-aid programs do great harm.

In the first place, they are unconstitutional, there being no grant of power in the Constitution or the amendments for the federal government to give tax money to other governments. Hence, the operation of federal-aid programs accelerates our senseless, headlong rush toward elimination of constitutional government.

In the second place, federal-aid programs require the federals to confiscate so much money from taxpayers of every state that state and local governments do not have adequate tax revenue. Hence, federal-aid programs are accelerating our senseless, headlong rush toward concentration of political power in Washington, converting state governments into helpless (and, eventually, superfluous) wards of the federal bureaucracy. Inexorably, state and local officials are becoming mere toadies, whose chief qualification for public office is their ability to get for their city or state its "fair share" of the public loot being distributed from Washington.

A federal-aid program is often tailored to please an important voting bloc in some large city of a key political state, but does not fill the need of any state or city. Yet, each participating state must impose additional taxes on the people in order to put up the state's portion of the "matching funds."

A congressional commission on intergovernmental relations reported, December 19, 1966, that state taxes have almost doubled *in the past six years*. Since 1959, states have imposed 15 new kinds of taxes on their people and have ordered more than 200 rate increases in existing taxes.[3] In short, state governments are taxing the people more heavily than ever before; yet, the most frequent complaint made by state governments is that they are starved for revenue, unable to perform their necessary functions for lack of money; and the condition is said to be growing steadily worse.

Why? One answer is obvious: state governments tax the people to help pay for federal "matching-fund" programs which were not designed to fill, and cannot fill, the needs of the states.

Johnson's War on Poverty has given federal-aid programs a stench they never had before. In some poverty programs, federal bureaucrats ignore state officials, making deals for federal aid directly with city officials. Thus, tax money from Washington finances big-city political machines, which are often at odds with political machines that control state governments. Note, for example, a complaint voiced by John Chafee, liberal Republican Governor of Rhode Island. Commenting on federal interference in Rhode Island's Child Welfare Program, Chafee said:

"First, the federal government says . . . 'we'll help you by paying 10 percent of your budget.' Then, in they rush to our cities with the 'War on Poverty' with 90 per cent federal funds, bypass the state completely, hire away our state social workers from all our other programs. . . ."[4]

On the other hand, some city officials have expressed displeasure that important quantities of federal-aid tax money are still funneled through state governments. They complain that, because many state legislatures are dominated by representatives from rural districts, cities do not get their "fair share" of federal tax money channeled through state governments.

Another malodorous aspect of federal aid coming to full-bodied aroma under the Johnson administration involves the arbitrary controls imposed by Washington bureaucrats. Federal aid has always involved federal controls; but since enactment of the Civil Rights Act of 1964,

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federal aid has increasingly become a means of rewarding or punishing local and state governments, according to their subservience to or defiance of the bureaucratic will in Washington.

The most conspicuous evidence of this has been in federal aid to education programs administered by Harold Howe II, U.S. Commissioner of Education. Howe's "guidelines" to determine whether school districts are qualified to receive federal aid are so applied that any fool can plainly see the federal purpose for American public schools is not to educate children but to integrate them — and to do it in precisely the way Commissioner Howe desires, without regard to local conditions and needs, to the experience of officials who run the schools, or to the wishes of parents who pay the bills and provide the children.

Howe's "guidelines" technique is being used, increasingly, in other federal-aid programs. For example, on December 3, 1966, the Public Health Service publicly threatened to withhold federal aid from 17 hospitals in the United States, because they were not complying with PHS guidelines concerning integration. The hospitals were not charged with maladministration, reprehensible treatment of patients, overcharging, inferior staffs, inadequate equipment, or anything else indicating that the hospitals were failing to give proper and impartial medical care for the sick. They were charged with not having as many Negro staff physicians as Washington bureaucrats think they should have; with not putting Negroes and whites in the same rooms; and so on. One administrator of a clinic moaned:

"I wish they'd get as interested in medication as they are in integration."[5]

The administrative "guidelines" which the Office of Education, the Public Health Service, and other federal agencies use have no authorization in the Constitution or even in laws of Congress. But Johnson's Congress (the 89th) gave some color of law to the "guidelines" technique, and Johnson's bureaucrats plan extension of the technique to control all federal-aid programs.

To wit: in the Demonstration Cities Act of 1966, Congress provided for a special bonus to cities (a 20% increase in federal grants for highways, airports, transit systems, and so on) which set up metropolitan planning agencies complying with guidelines established by federal officials. There is good evidence that Howe's Office of Education wants to include federal aid to education in the bonus provisions of the Demonstration Cities Act. Then, the federals could enforce their schemes for integration and metropolitan planning on cities, by giving a special bonus of tax money to those cities which comply with Washington guidelines, withholding *all* federal tax money from others.

Obviously, states and cities have much to complain about in the way federal-aid programs are handled; and most of them complain. No one takes them seriously, however; and no one really should, because, while complaining, they have their hands out begging for more.

In November, 1966, J. C. Martin, Jr., Mayor of Laredo, Texas, said of his city:

"We are slowly being absorbed by the federal government. Unless there is intervention (to stop the trend) we are going to be slowly absorbed both in education and government by the federal government."[1]

In the same speech, His Honor acknowledged that Laredo had signed up for every federal-aid program it could find — and will sign up for any more that may be found.[1]

Two years ago, federal bureaucrats decided that Laredo, Texas, was the poorest city in the United States. They resolved to make it a showcase in the war on poverty — to demonstrate how quickly and effectively federal aid can convert poverty into prosperity for an entire community. The federals have poured tax money into Laredo, and conditions have grown worse.

Federal programs in Laredo, top-heavy with high-salaried administrators, have done nothing to relieve poverty; but political wire-pulling and

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throat-cutting for federal jobs have disrupted the economy and damaged the community spirit.

Teachers who once performed useful services in classrooms have resigned to take paper-shuffling jobs with federal agencies. The National Youth Corps will hire only dropout students, most of whom do not want to work, while industrious youngsters in school who want after-hours work to help pay their way are not eligible for federal employment. If local officials try to give federal programs some proper direction, they are overruled and shunted aside by federal bureaucrats, who insist on planning all projects and telling local project leaders what to do.[6]

Insulated against public opinion and beholden for their government jobs to nothing but political pull in Washington, federal bureaucrats are invincible in their ways. Note the following passages from an article in the December 21, 1966, issue of *The Dallas Morning News*:

"Bill Crook, an Office of Economic Opportunity official . . . strongly defended the OEO's anti-poverty programs in Laredo and stated that 'we are on the right track there.'

"He admitted that the Laredo antipoverty program shows no 'visible specific successes' . . . . He stressed that he believes dividends from the federal expenditure in Laredo will be forthcoming, but declined to predict when.

"OEO, he said, has 'made a beginning in establishing a frank and open dialogue between all segments of the community.' He called this the 'greatest intangible'. . . .

"He said: 'We have not had the scope of activities there that we would have had if we had had more money.'"[7]

There is the typical, universal, bureaucratic excuse for the failure of any federal spending program: not enough tax money.

Inasmuch as federal aid is unconstitutional and, therefore, wrong in principle, it will always be wrong in practice, no matter how it is handled. There is no way to reform or improve federal aid programs. They must be abolished. More on that next week.

HELP CHANGE THE POLITICAL CLIMATE

I receive many letters from people who consider my *Report* an effective tool for helping do the educational job that must be done, before we can take political action to restore the crumbling foundations of our constitutional Republic. Most of them ask, "What can *I* do?"

You can help change the political climate. If each of you would introduce this *Report* to one new reader, the total effect would, I believe, be an enormous contribution to the cause of constitutional conservatism. You can introduce the *Report* to an acquaintance by giving him a trial subscription (3 months for $3.00) — or, better still, by persuading him to subscribe for himself.

FOOTNOTES

(1) "Tax Hike Needed to Finance New Spending, Says Connally," by Richard M. Morehead, *The Dallas Morning News*, November 12, 1966, p. A4

(2) "Criticism of Gotha's Program," by Karl Marx, *Oxford Dictionary Of Quotations*, Oxford Press, New York and Toronto, 1953, p. 333

(3) "State Taxes Up 200 Per Cent In Six Years," AP dispatch from Washington, *The Dallas Times Herald*, December 20, 1966, p. A7

(4) "Capital Briefs," *Human Events*, December 31, 1966, p. 2

(5) "Threat to Halt U.S. Aid Brings Mixed Reactions," AP dispatch from Washington, *The Dallas Morning News*, December 4, 1966, p. A12

(6) "War on Poverty Falters in Laredo," by Fred Pass, *The Dallas Morning News*, December 21, 1966, p. A6

(7) "OEO Man Defends Efforts in Laredo," by Karen Klinefelter, *The Dallas Morning News*, December 21, 1966, p. A7

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